

Water Rate Increases

SUMMARY

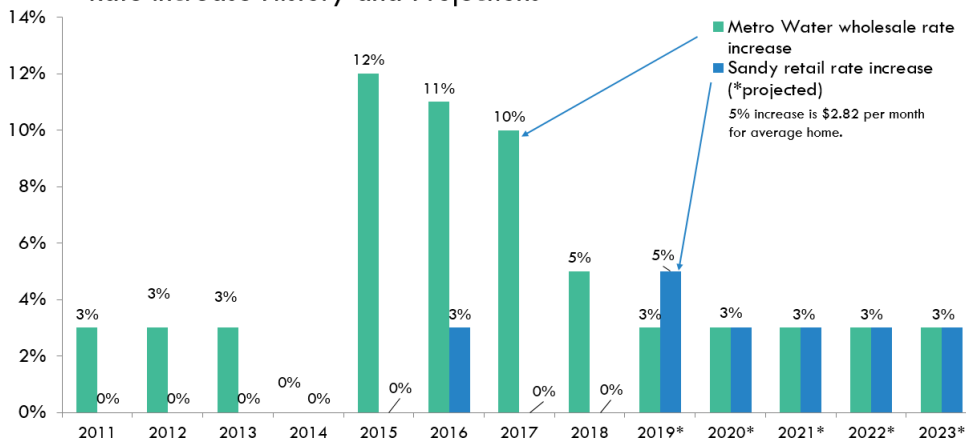
Public Utilities is requesting a rate increase of 5% for the water utility. This is about \$2.82 per month for the average home, which will allow the city to replace failing pipe and reduce risk of future main breaks. Each break costs \$15,000 to \$250,000 or more to repair in addition to impacts to customers without water, traffic delays, and damage to private property. Without a 5% rate increase, water pipe replacement is significantly underfunded.



BACKGROUND

A Water Master Plan completed in 2010 recommended the City increase investment to replace aging infrastructure. The City has been able to forego rate increases by delaying many master plan pipe replacement projects. Based upon water pipes aging and failure rates, it is now time to increase investment in our water pipeline infrastructure.

Wholesale Water Purchases and Sandy Retail Water Rates
Rate Increase History and Projections



Sandy raised water rates only once in 8 years while absorbing 57% Metro Water wholesale increases to fund major upgrades for water treatment, water quality, a more reliable water supply for drought, earthquake stability, and pipelines from Provo Canyon to Sandy.

The Sandy Public Utilities Advisory Board (PUAB) consists of citizens and business representatives in our community. PUAB reviewed the consultant master plan recommendations and budget options along with City administration. Rather than a single year increase that may be as high as 37%, the PUAB and Administration propose a gradual increase over time with 5% increase this year and 3% increases for the next ten years.

Originally, a 10% rate increase was needed in 2019 to fund water main replacements. The City was able to reduce the water rate increase from 10% to 5% by eliminating a \$1.28M subsidy transfer to the General Fund. This will cover 2019 cost increases of \$800,569 for the 2017 bond debt service, \$175,590 in Metro Water rate increases and \$188,120 in lost lease revenues.

THE FACTS

- Sandy averages 68 water main breaks annually, with a record 89 pipe breaks in 2017.
- Each break is \$15,000 to \$250,000 for repairs and private property damage claims, not including impacts to homes/schools/business out of water and traffic disruptions.
- Public Utilities saved over \$300,000 annually with energy efficiency upgrades.
- The \$10M bond approved in 2017 has a debt service of \$780,000. This has funded the important replacement of two 50 year old corroded and seismically unstable water tanks at Flat Iron Park (\$5M), a new well to replace 1 of 4 wells lost to groundwater contamination (\$2M), and the Bell Canyon Watershed Preserve land acquisition for a future water tank and drinking water source protection (\$1.3M). About \$1.7M is going toward water main capital investment to address corrosion “hot spot” pipe break areas including River Oaks, 9000 South near I-15, and 10600 South State Street.
- Save water and reduce your water bill.
 - Get rebates to install smart irrigation controllers that turn off automatically in rain. utahwatersavers.com
 - Download the app to get alerts and manage your water through Sandy’s new AquaHawk water meter system. See water use by the minute and get alerts if your pipes break or have excessive water use. See sandy.utah.gov/wateruse
 - Schedule a free irrigation water check and get water saving ideas at slowtheflow.org/free-water-check or call 801-771-1677.